GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4883
ANSWERED ON:24.08.2000
POWER GENERATION CAPACITY
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of POWER be pleased to state:

(a) whether the power generation capacity in India is likely to remain stagnant atleast for the coming five years;

(b) whether some major foreign investors in power sector are cooling off towards India because of long-gestation periods and abysmal track-records of State Electricity Boards; and

(c) if so, the steps proposed to be taken to remedy the situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : The installed capacity at the end of Eighth Plan, on 31st March, 1997, was 85,742 MW which has increased to 99121.43 MW as on 31st July, 2000. The mid-term appraisal of the Ninth Plan capacity addition programme had revealed that a capacity of 28097.2 MW would be feasible by the end of Ninth Plan

(31.3.2002). Various projects of capacity totalling to 51500 MW have been identified for Tenth Plan.

(b) & (c) : The poor economic health of the State Electricity Boards have delayed the financial closure of many private power projects. In order to find a resolution to this problem and in order to simplify procedures, the Government has already initiated several measures which include :-

- minimising the number of clearances required to be obtained for the purpose of appraisal of the private power projects by Central Electricity Authority (CEA).

- minimising the role of the Foreign Investment Promotion Board by providing for automatic approval for foreign equity in selected categories and enlarging the provisions for automatic approval for such projects and liberalisation of the Foreign Direct Investment regime by removal of the upper limit for foreign direct investment in respect of projects relating to electric generation, transmission and distribution (other than atomic reactor power plants).
- delegating more powers for environmental clearance to State Governments.

- raising the limits for power projects which require the clearance from CEA.

- preparation of a shelf of projects to facilitate early execution and reduction of time required for implementation.

- close monitoring at various levels to expedite clearances, remove bottlenecks and to resolve the `last mile` problems in achieving financial closure.

- the Electricity Regulatory Commissions Act, 1998 has been enacted which has enabled setting up of the Central Electricity Regulatory Commission and the State Electricity Regulatory Commissions. Eleven States have set up Regulatory Commissions and three States have notified the Commissions.

- The Electricity Laws Amendment, Act 1998 was enacted to make transmission a distinct activity for encouraging greater private participation.

- A policy on Hydro Power Development has been initiated for accelerating the pace of hydro power development in order to exploit the vast hydro-electric potential at a faster pace, increase the private investment and promote small and mini hydel projects.

- The development of mega power projects at mine pit-heads and coastal locations both in public and private sector with transmission facilities for evacuation of power to other regions.

- Exploring Alternative Security Mechanisms which includes linking IF If financing with the progress of reforms undertaken by the State Governments.